



August 5, 2016

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: Written Ex Parte Communication, MB Docket Nos. 14-50, 09-182, 07-294

Dear Ms. Dortch:

Although the Commission determined more than a decade ago that the print newspaper rule no longer serves the public interest,¹ an FCC fact sheet reports that the broadcast ownership order circulating for vote would make no serious modifications to the rule.² In light of this, the National Association of Broadcasters (NAB) is filing for the record the attached information regarding the plight of print newspapers for the Commission's consideration.³ The attached

¹ See *Prometheus Radio Project v. FCC*, Nos. 15-3863, 15-3864, 15-3865 & 15-3866, at 38 (3d Cir. May 25, 2016) (*Prometheus III*) ("[T]he 1975 [cross-ownership] ban remains in effect to this day even though the FCC determined more than a decade ago that it is no longer in the public interest. This has come at significant expense to parties that would be able, under some of the less restrictive options being considered by the Commission, to engage in profitable combinations.").

² FCC, *Fact Sheet: Updating Media Ownership Rules in the Public Interest* (rel. Jun. 27, 2016).

³ Since July 6, NAB has filed various articles discussing the challenges faced by print newspapers and the public's increasing reliance on non-print outlets for news and information. See NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 6, 2016) at Attachment, David Glance, "The story of the nosebleed decline of the newspaper industry told in pictures," *The Conversation* (June 5, 2016), available at: <http://theconversation.com/the-story-of-the-nosebleed-decline-of-the-newspaper-industry-told-in-pictures-60530>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 7, 2016) at Attachment, Noah Kulwin, "Jeff Bezos is saving the Washington Post, but he won't be able to save newspapers," *recode* (June 28, 2016) available at: <http://www.recode.net/2016/6/28/12050416/jeff-bezos-saving-washington-post-but-not-newspapers>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 8, 2016) at Attachment, Erik Sass, "Print Ad Declines: Newspaper, Magazine Revs Fall Again," *Publishers Daily, TheDailyBlog*, (June 27, 2016), available at: <http://www.mediapost.com/publications/article/279073/printaddeclinesnewspapermagazinerevsfalla.html?print>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 11, 2016) at Attachment, Athena Cao, "Newspapers' woes linger as digital ad spending, cable network revenues rise," *USA Today*, (June 15, 2016), available at: <http://www.usatoday.com/story/money/2016/06/15/news-media-yahoo-google-twitter-facebook-verizon-tv/85937176/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 12, 2016) at Attachment, Joshua Benton, "Tampa just lost a daily newspaper; is this the continuation of an old trend or the start of a new one?," *NiemanLab*, (May 4, 2016), available at: <http://www.niemanlab.org/2016/05/tampa-just-lost-a-daily-newspaper-is-this-the-continuation-of-an-old-trend-or-the-start-of-a-new-one/>; NAB Ex Parte in MB

Docket Nos. 14-50, 09-182, 07-294 (filed July 13, 2016) at Attachment, Nick Madigan, "An Abrupt End to The Tampa Tribune After a Blow Delivered by Its Rival," The New York Times, (May 20, 2016) available at: <http://nyti.ms/256WgNS>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 14, 2016) at Attachment, Patrick Seitz, "Facebook, Google Cash in on Ads as News Media Firms Struggle," Investor's Business Daily (June 15, 2016) available at: <http://www.investors.com/news/technology/click/facebook-google-cash-in-on-ads-as-news-media-firms-struggle/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 15, 2016) at Attachment, Margaret Sullivan, "Face it, Facebook. You're in the News Business," Washington Post (July 10, 2016), available at: https://www.washingtonpost.com/lifestyle/style/face-it-facebook-youre-in-the-news-business/2016/07/10/cc53cd70-451a-11e6-bc99-7d269f8719b1_story.html ("With the advent of live-streaming options — Facebook Live and Periscope, primarily — their already huge influence in the news universe has taken another stunning leap."); NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 18, 2016) at Attachment, Benny Evangelista, "Americans turning to mobile phones for news, Pew study shows," SFGate.com (July 7, 2016), available at: <http://www.sfgate.com/business/article/Americans-turning-to-mobile-phones-for-news-Pew-8344673.php>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 19, 2016) at Attachment, Dan Tynan, "Democracy in Action on Twitter's Live Stream," Consumer Reports (July 16, 2016), available at: <http://www.consumerreports.org/phones-mobile-devices/watch-the-convention-coverage-on-twiters-live-stream/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 20, 2016) at Attachment, Dan Kennedy, "Print Is Dying, Digital Is No Savior: The Long, Ugly Decline of The Newspaper Business Continues Apace," WGBH News, (January 26, 2016), available at: <http://news.wgbh.org/2016/01/26/local-news/print-dying-digital-no-savior-long-ugly-decline-newspaper-business-continues>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 21, 2016) at Attachment, David Chavern, "Commentary: FCC Rule Limits Newspapers' Access to Capital, Growth," Philly.com (July 18, 2016), available at: http://www.philly.com/philly/opinion/20160718_Commentary_FCC_rule_limits_newspapers_access_to_capital_growth.html; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 22, 2016) at Attachment, Max Kutner, "As Print Journalism Declines, Fate of Sidewalk Newspaper Boxes is Unclear," Newsweek (Dec. 20, 2015), available at: <http://www.newsweek.com/2016/01/15/decline-newspaper-boxes-407158.html>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 25, 2016) at Attachment, Mathew Ingram, "Print readership is still plummeting, and paywalls aren't really helping," Fortune (June 1, 2015), available at: <http://fortune.com/2015/06/01/print-readership-paywalls/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 26, 2016) at Attachment, Rick Edmonds, "Newspaper Industry Lost 3,800 Full Time Professionals in 2014," Poynter.org (July 28, 2015), available at: <http://www.poynter.org/2015/newspaper-industry-lost-3800-full-time-editorial-professionals-in-2014/360633/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 27, 2016) at Attachment, Malathi Nayak and Deborah M. Todd, "Verizon to buy Yahoo's core business for \$4.8 billion in digital ad push," Reuters (July 25, 2016), available at: <http://www.reuters.com/article/us-yahoo-m-a-verizon-idUSKCN1040U9>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 28, 2016) at Attachment, Benjamin Mullin, "The New York Times of the future is beginning to take shape," Poynter (May 21, 2016), available at: <http://www.poynter.org/2016/the-new-york-times-of-the-future-is-beginning-to-take-shape/413097/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed July 29, 2016) at Attachment, Gerry Smith, "The Fading Newspaper," Bloomberg QuickTake (April 19, 2016), available at: <http://www.bloomberg.com/quicktake/the-fading-newspaper>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed August 1, 2016) at Attachment, Jack Loechner, "Newspaper Revenues Tank Some More," MediaPost (July 22, 2016), available at: <http://www.mediapost.com/publications/article/280499/newspaper-revenues-tank-some-more.html>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed August 2, 2016) at Attachment, Todd Spangler, "YouTube to Live-Stream GOP, Dem Conventions in 360-Degree Video, Facebook to Host Media Lounges," Variety (July 14, 2016), available at: <http://variety.com/2016/digital/news/youtube-facebook-republican-democratic-conventions-1201814474/>; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed August 3, 2016) at Attachment, Smitha Khorana and Nausicaa Renner, "Social media is on the rise, but not like you'd expect," Columbia Journalism Review (June 21, 2016), available at: http://www.cjr.org/tow_center/reuters_report.php; NAB Ex Parte in MB Docket Nos. 14-50, 09-182, 07-294 (filed August 4, 2016) at Attachment, Rick Edmonds, "Mid-year report: The newspaper industry's billion dollar challenge," Poynter (July 12, 2015), available at: <http://www.poynter.org/2015/mid-year-report-the-newspaper-industrys-billion-dollar-challenge/353911/>.

article discusses a newspaper publisher's successful (relatively speaking) second quarter earnings report.⁴ While the company's revenue was flat, "[f]lat is good in the newspaper publishing business" which is "faced with replacing declining print revenue."⁵ This particular publisher was able to make up for declines on the print side with revenue from other businesses operations in digital and marketing services.⁶

To the extent that Commission's rationale for restricting print newspaper ownership relates to viewpoint diversity or independent "voices," NAB notes that a newspaper that has closed its doors can no longer provide a viewpoint or serve as a "voice." Retaining a rule that deters investment by broadcasters in the struggling print newspaper industry certainly cannot serve the public interest. Rather, the only result that can rationally be expected from the continued prohibition is to hasten the demise of print newspapers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rick Kaplan", with a long horizontal line extending to the right.

Rick Kaplan
General Counsel and Executive Vice President
Legal and Regulatory Affairs

Attachment

⁴ Maria Halkias, "Dallas Morning News parent posts profit as marketing gains offset print declines," The Dallas Morning News (August 2, 2016), available at: <http://www.dallasnews.com/business/headlines/20160802-dallas-morning-news-parent-posts-profit-as-marketing-gains-offset-print-declines.ece> (attached hereto).

⁵ *Id.*

⁶ *Id.*



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By Maria Halkias

Staff Writer

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A. H. Belo Corporation, parent company of *The Dallas Morning News*, posted a profit in the second quarter as gains in marketing services offset much of its decline in print publishing.

Revenue in the three months ended June 30 was essentially flat at \$66.6 million. Flat is good in the newspaper publishing business as *The Dallas Morning News* and other media companies are faced with replacing declining print revenue.

"This quarter's results reflect our ongoing strategy of revenue diversification and our consistent efforts to practice prudent expense management," Jim Moroney, chairman, president and chief executive officer, told analysts during a conference call Tuesday.

The company reported a profit of \$693,000, or 3 cents a share, compared with a net loss of \$592,000, or 3 cents a share, a year ago.

Digital and marketing services revenue increased 20.9 percent to \$12.1 million mostly from new business brought in by marketing agency [Speakeasy](#) and [DMV Digital Holdings Inc.](#)

DMV was purchased 18 months ago and has had strong growth, doing what Moroney said the company needed it to do -- replace declining print revenue.

As a percentage of total revenue, digital advertising and marketing services together represented 18.1 percent, a big leap from 15 percent in the second quarter last year.

Second-quarter revenue from advertising and marketing services, which includes print and digital revenue, was \$38 million, down \$300,000, or essentially flat.

Circulation revenue decline was more significant, falling by \$1 million, or 4.8 percent, to \$19.8 million. That decline was from lower home delivery and single copy sales of *The Dallas Morning News*.

Printing, distribution and other revenue increased 15.4 percent to \$8.8 million in the second quarter. Most of that increase was due to a shift of Savor, a four-day [food and wine event](#) in Dallas hosted by [CrowdSource](#), the company's event marketing arm. Last year, Savor was held in the first quarter and represented an \$800,000 lift to the quarter's revenue.

Moroney also was pleased with the quarter's expense side and said he anticipated the second half of the year to be in line with the first half. As of June 30, the company employed 1,132 -- about 8 percent fewer people than a year ago.

Expenses declined \$3.2 million, or 4.8 percent, to \$64 million. Newsprint and ink costs fell with print circulation. Distribution costs also declined.

Facing print and circulation declines for many years, "the company has to be vigilant on the expense side," Moroney said. "We have to structure expenses to match available revenue."

At the same time, the industry continues to face many digital issues from sharing content and traffic on a dominant Facebook to ad blocking, he said.

The company hasn't yet decided to move its corporate headquarters from a building that's housed *The Dallas Morning News* since 1949. The Young Street building is bigger than the company needs now.

Chief financial officer Katy Murray told analysts during a conference call Tuesday that the process is slower than expected, but a move within downtown Dallas is still being considered.

The decision comes down to whether a move will significantly reduce operating expenses, Moroney said. "We've looked at 12-14 properties and just now have begun to narrow it down."

So far, the company is pleased with digital subscriptions from readers since two of the newspaper's websites, [dallasnews.com](#) and [sportsdaydfw.com](#), switched to metered access to articles. The change happened in mid-May and gives readers free articles each month, but requires a paid subscription after a limit is reached.

Digital traffic soared as local and national readers turned to [dallasnews.com](#) for coverage about five police officers who were killed in downtown Dallas in early July. Both unique visitors and page views rose dramatically.

Moroney said he is proud of the coverage that continues as other media have moved on.

"It is unfortunate, but accurate, that most of the time, our best work is done during and in the aftermath of a tragic event," he told analysts.

â°DALLAS AMBUSH: Heroism, devastation and the story of how 1 man killed 5 Dallas cops

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